

Message Text

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21

ACTION EA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-03 H-02 INR-07 L-02

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 INT-05

IO-10 EB-07 TRSE-00 /077 W

----- 118768

R 010530Z MAY 75

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 9828

CINCPACREP GUAM/TTPI

INFO CDRUSAGO MAKIMINATO JAPAN/TTPI-LNO

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E.O. 11652 N/A

TAGS: EAID, HA, TQ

SUBJECT: MICRONESIA CLAIMS AGREEMENT

CINCPACREP GUAM PASS TO HICOM AND STATUS LNO SAIPAN

FOR HICOM ANDS STATUS LNO

DEPT PASS INTERIOR FOR DOTA AND OSN

1. DURING CONVERSATION APRIL 28, FONOFF REP (SASAKI) PROVIDED FOLLOWING INFO IN RESPONSE TO EARLIER QUERIES FROM TTPI REPSX:

A. USE OF NON-JAPANESE PRODUCTS AND SERVICES IN PROJECT FINANCED UNDER CALINS AGREEMENT: AS AGREEMENT CLEARLY STIPULATES YEN CONTRIBUTION IS FOR PRODUCTS AND SERVICES OF JAPANESE PEOPLE, CONTRIBUTION MAY NOT BE USED TO PAY FOR NON-JAPANESE PRODUCTS AND SERVICES WHICH MAY FORM A PART OF SOME PROJECT, HOWEVER, AGREEMENT WOULD PERMIT USE OF NON-JAPANESE PRODUCTS AND SERVICES IN A PROJECT SO LONG AS NON-JAPANESE PRODUCTS AND SERVICES

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WER PAID FOR BY FUNDS OTHER THAN JAPANESE YEN CONTRI-

BUTION, AND SO LONG AS PROCUREMENT CONTRACT TO BE SUBMITTED FOR GOJ CONFIRMATION CLEARLY IDENTIFIED PRODUCTS AND SERVICES TO BE PAID FOR WITH JAPANESE CONTRIBUTION. RE SPECIFIC TTPI CONCERN THAT NO JAPANESE FIRM PRODUCTS PREFABRICATED STRUCTURES SUFFICIENTLY STRONG TO RESIST TYPHOON WINDS, SASAKI SAID HE CONFIDENT SUCH STRUCTURES WERE PRODUCED IN JAPAN AND SUGGESTED TTPI INVESTIGATE FURTHER.

B. PROCUREMENT OF MARINE INSURANCE FOR TUNA BOATS. SASAKI SAID HE DID NOT BELIEVE ANY ITEM IN LIST OF PRODUCTS AND SERVICES COULD BE INTERPRETED TO INCLUDE MARINE INSURANCE FOR TUNA BOATS.

C. HIRING OF JAPANESE EXPERTS: SASAKI SAID THAT IN EVENT TTPI WISHES TO CONTRACT FOR JAPANESE EXPERTS SERVICES AT GREATER EXPENSE, OR LONGER PERIOD OF TIME, THAN CONTEMPLATED UNDER CLAIMS AGREEMENT, THIS SHOULD BE POSSIBLE SO LONG AS PAYMENT UNDER CONTRACT IS MADE OCTOBER 15, 1976 AND SO LONG AS AMOUNT OF MONEY AND PORTION OF SERVICES TO PAID FOR BY JAPANESE YEN CONTRIBUTION ARE CLEARLY SPELLED OUT IN CONTRACT SUBMITTED TO GOJ FOR CONFIRMATION.

D. DISPOSAL OF PRODUCTS PURCHASED WITH JAPANESE YEN CONTRIBUTION. CLAIMS AGREEMENT STIPULATES THAT PRODUCTS ARE TO BE USED FOR THE WELFARE OF THE MICRONESIANS. EXCHANGE OF NOTES OF MARCH 1973 STIPULATES THAT PRODUCTS MAY NOT BE RE-EXPORTED FROM TRUST TERRITORY. SO LONG AS THESE REQUIREMENTS ARE OBSERVED, TTPI HAS CONSIDERABLE FLEXIBILITY ON THIS POINT. HOWEVER, FONOFF WOULD APPRECIATE BEING INFORMED IN ADVANCE OF ANY MEANS OF USE OF DISPOSAL WHICH MIGHT BE OPEN TO QUESTION, HE SAID.

2. SASAKI SAID FONOFF WAS GRATIFIED THAT EXTENSION OF PROCUREMENT PERIOD AND USE OF INTEREST ON SPECIAL ACCOUNT HAD FINALLY BEEN AGREED TO. FONOFF ESPECIALLY APPRECIATED CALL BY HICOM JOHNSTON, AND HICOM'S ASSURANCES THAT IMPLEMENTATION OF AGREEMENT WOULD GO FORWARD SO AS TO MEET OCTOBER 15, 1976 DEADLINE.

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3. EMBASSY COMMENT. EMBASSY WILL SEND LETTER IN NEXT FEW DAYS TO TAIYO KOBE BANK (AS AUTHORIZED BY STATE 049997) AUTHORIZING PETERSON, WENDLER AND ABOIT TO WRITE CHECKS AGAINST INTEREST ACCOUNT (AS EXPLAINED TOKYO 2136 AND TOKYO 1345). WE WILL FORWARD COPIES TO ADDRESSEES. KOMETANI OF BANK SAYS HE WILL THEN PROCEED TO PREPARE NEW CHECKS AND SEND THESE TO

TTPI. SENDING OF LETTER AND PREPARATION OF NEW CHECKS,
TOGETHER WITH RECENT EXCHANGES OF NOTES, WILL COMPLETE
VARIOUS ADMINISTRATIVE STEPS BETWEEN USG ON ONE
HAND, AND GOJ AND BANK ON OTHER HAND, NECESSARY TO
COMPLETE IMPLEMENTATION OF AGREEMENT BY NEW DEADLINE
OF OCTOBER 15, 1976. EMBASSY SUGGESTS THAT OFFICIALS
CONCERNED DO BEST TO PLAN FUTURE PROCUREMENT, ANTICIPATE
AND RESOLVE OBSTACLES, AND PERIODICALLY REVIEW PROGRESS,
PERHAPS ON QUARTERLY BASIS, SO ASM TO COMPLETE PROCUREMENT
ON SCHEDULE AND ASSURE UNITED STATES GOVERNMENT COMMITMENT
IS FULFILLED. END COMMENT.
HODGSON

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